

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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COUNTRY Soviet Union/Satellites

REPORT

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1. Although its activities have been less publicized than in the year of its foundation, the CMEA (Council for Mutual Economic Assistance) has continued to evolve as an integral part of the machinery of Soviet control over the economic life of Eastern Europe. In spite of the fact that the existence of CMEA is sometimes denied, there is unimpeachable evidence that CMEA, with its own staff, does exist and is taking a more and more active part in affairs. However, it is still not possible to say how far the permanent personnel of CMEA have an effective authority in shaping Soviet and Eastern Bloc economic policy.

General and Overall Organization

2. Initially, CMEA consisted of a council, with representatives of ministerial rank, meeting quarterly, and a secretariat of more junior officials situated in Moscow. In addition there may have been ad hoc technical bodies or subcommittees. In March 1951, however, the Secretariat appears to have been reconstituted as a committee with powers higher than it had previously possessed and the authority to deal with all questions related to economic cooperation within the Soviet Bloc. This committee remains in permanent session in Moscow under the chairmanship of the deputy minister of foreign trade of the USSR. Each participating country is normally represented by a single member. Where problems of a more specialized nature are discussed, members normally enlist the temporary help of expert advisors from their own countries. The permanent members are probably drawn from the state planning commissions of each satellite country.¹
3. Because numerous committees for economic collaboration between individual satellite countries have been set up, it is very difficult to distinguish between their meetings and activities and those undertaken under general CMEA auspices.

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25 YEAR RE-REVIEW

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Country Bureaus dealing with CMEA Affairs

4. Bureaus or desks have been established in the satellite governments to deal with CMEA affairs. Probably these are in the Ministries of Planning or State Planning Commissions, as appropriate. For example, within the State Planning Commission in Eastern Germany, there is now a "Buro für Fragen der Gegenseitigen Wirtschaftshilfe" (Bureau for Questions of Mutual Economic Aid) which is directed by a certain Schwindt.
5. There are, however, no permanent Soviet officials established in satellite capitals as CMEA controllers or representatives. In fact, it seems that Soviet control of satellite economic affairs continues to be carried on openly through their trade representatives on the one hand and, on the other, clandestinely through the economic sections of the central committees of the various national Communist Parties.

Meetings

6. There is no complete timetable of the meetings of the CMEA available. There was, however, a CMEA meeting on a ministerial level in Moscow in March 1951, and probably another in Prague in May 1951.

Policy

7. During most of 1951, the chief concern of CMEA seems to have been in the field of foreign trade, in particular, the extent to which integration of members of the Soviet Bloc could assist in freeing them from dependence on the capitalist world. The March 1951 meeting appears to have set targets for different types of raw materials and essential goods which participating countries should make available to other Soviet Bloc members. Not all the satellites were able to fulfill their agreements during the year and, as a result, there were at times acrimonious arguments as to who was breaking the CMEA agreement and who was not. Furthermore, in spite of the agreements, the Soviet Union helped itself in an arbitrary fashion whenever and to whatever it wanted, consequently upsetting the satellites' foreign trade plans.
8. CMEA recommendations to the satellites are presented in the form of detailed memoranda which are intended to guide them in their negotiations with other countries. Thusfar these recommendations have principally concentrated on the possibility of obtaining alternative sources of supply for non-ferrous metals, electrical equipment, high alloy steel, and seamless tubes, and the development of certain industrial facilities in Eastern Europe. In the case of East Germany, for example, the aim is to obtain sufficient supplies from sources within the Soviet Bloc by late 1952 or early 1953 so as to make East Germany largely independent of supplies from the West.
9. Thus, satellite foreign trade seems to be coordinated at the top, but there is evidence that commercial attaches and satellite negotiating parties in the non-commercial world still have wide discretion in their own purchasing activities and negotiations. Frequently they have had clashes of interest and although there are those who say that the Soviet Commercial Attache is regarded as the final arbiter in such disputes, there is not much concrete evidence to support this belief.
10. There is now a regular exchange of information between the planning ministries of the Soviet Bloc countries. How far this exchange is based on CMEA commitment is not clear, although these reports are usually kept within the CMEA sections of the state planning bodies. These reports are believed to be exchanged monthly.

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and cover imports and production, current bottlenecks and other difficulties encountered, and a certain amount of information on technical and scientific developments. The exception is the USSR itself, which releases no figures on planning, actual production, or imports.

11. There is no information on overall investment planning undertaken under CMEA auspices, although in the original founding charter this was to have been one of CMEA's chief raisons d'etre. Present Soviet policy is to encourage the development of capital industry in the satellites, but at a certain point the Soviet Union may wish to restrict further development so as to ensure that the satellites do not become too independent. Long-term Soviet economic planning undoubtedly aims at keeping the satellites in economic bondage while drawing the maximum advantage for her own requirements.
12. It is believed that the May meeting in Prague was concerned with questions of mining, power, and heavy industry, so that there may shortly be indications of the beginnings of a CMEA investment plan.

Financial

13. Quarterly payments continue to be made by satellites into CMEA accounts at the State Bank in Moscow, but the use to which these funds are put or the extent to which special accountancy may be practised by satellite and Soviet banks on behalf of CMEA are not known. Discussions on the introduction of multilateral convertibility in the Soviet Bloc are under way. If these discussions are successful, a central clearing account will be set up in Moscow. This will probably have to await, however, the introduction of a unified statistical and accounting system throughout Eastern Europe. This is being studied in Moscow.

Membership

14. China is still not a member of CMEA, but 1951 was a year of great activity between the Soviet Bloc and China. Satellite trade missions have been negotiating with the Chinese and have written trade agreements by which Eastern Europe can get guaranteed supplies of needed raw materials in return for machinery and war supplies. These negotiations appear to have been coordinated through Moscow.

Personalities

15. The following personalities are presently or have been in the past involved in CMEA activities:
 - a. Albania:
 - 1) Vasil Kati, Minister of Foreign Trade; and
 - 2) S. Kolek, Deputy Chairman of the Council of Ministers.
 - b. Bulgaria:
 - 1) Vasili Belomusov, President of the State Planning Commission;
 - 2) Dimitr Ganev, Minister of Foreign Trade;
 - 3) Slavi Karaslavov, Member of the State Planning Commission;
 - 4) Mladen K. Kolev, possibly appointed as Bulgarian delegate to CMEA in the spring of 1951;
 - 5) Kalcho Kalchev, Member of the State Planning Commission;
 - 6) Karlo Lukanov, President of the State Planning Commission; and
 - 7) Evgeni Georgiev Mateev, Vice-President of the State Planning Commission and Professor of Economics.

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c. Czechoslovakia:

- 1) (fnu) Branik, official in the State Planning Office;
- 2) Josef Pucik, Chairman of the State Planning Office;
- 3) Josef Janda, Section Chief in the Ministry of Foreign Trade, reportedly pensioned in April 1951;
- 4) (fnu) Kummerman, Ministry of Foreign Trade official; and
- 5) Antonin Gregor, Minister of Foreign Trade.

It is Section VI of the Ministry of Foreign Trade which is reportedly concerned with trade with capitalist countries.²

d. Eastern Germany:

- 1) (fnu) Gregor, State Secretary in the Ministry of Foreign Trade;
- 2) Georg Handke, Minister of Foreign Trade;
- 3) Georg Henke, Permanent Representative in Moscow;
- 4) (fnu) Holmelin, Foreign Trade advisor on CMEA questions in RAU's office;
- 5) (fnu) Muth, Central Statistical Office of State Planning Commission member;
- 6) Fritz Selbmann, Minister for Heavy Industry;
- 7) Gerhard Ziller, Minister for Machine Construction; and
- 8) (fnu) Schwindt, P.A. to RAU and head of the Büro für Fragen der Gegenseitige Wirtschaftshilfe.

e. Hungary:

- 1) Andras Szobek, Minister of Foreign Trade; and
- 2) Zoltan Vas, in charge of the State Planning Office (not Hay as reported in the previous background paper; Hay is in the Ministry of Foreign Trade).

f. Poland:

- 1) Bernard Didjuk, Departmental Head in Ministry of Foreign Trade;
- 2) Marian Drozdowski, Director of Exports at Ministry of Foreign Trade; makes frequent trips to Moscow;
- 3) Tadeusz Gede, Minister of Foreign Trade;
- 4) J. Kon, Head of Polish Office for Economic Cooperation;
- 5) (fnu) Kotlicki, Director of National Bank who works in the Ministry of Finance; visited Moscow in March; and
- 6) E. Szyr, Head of Foreign Trade Section of State Planning Board.

g. Rumania:

- 1) Alexander Byrledeanu, Minister of Foreign Trade;
- 2) (fnu) Donath, Director of Agreements with Eastern Europe in the Ministry of Foreign Trade; and
- 3) Victor Yonescu, Director of the Secretariat in the Ministry of Foreign Trade.

h. USSR:

- 1) N.A. Baturin, Chief of the German Department in the Ministry of Foreign Trade;
- 2) S.F. Chenchikovskiy, Chief of the Czech Department;
- 3) A.F. Dobrohotov, Chief of the Bulgarian Department;
- 4) E.N. Fadeyev, Chief of the Rumanian Department;
- 5) P.P. Gordeichik, Assistant Head of the Protocol Department, Ministry of Foreign Trade;
- 6) R. Kuzmin, Vice-Minister of Foreign Trade;
- 7) P.N. Kумыkin, Minister of Foreign Trade;
- 8) N.I. Kuzminsky, Head of Protocol Department, Ministry of Foreign Trade;
- 9) M.G. Loshakov, Deputy Minister of Foreign Trade;
- 10) A.P. Morozov, Head of Protocol Department, Ministry of Foreign Trade;
- 11) A.A. Pavlov, Head of Administrative Department of Eastern and Central European sections in the Ministry of Foreign Trade;

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- 12) I.G. Pisarets, Head of the Polish Department in the Ministry of Foreign Trade; and
- 13) V.V. Shvets, Head of the Albanian Department in the Ministry of Foreign Trade.

- 1. Comment: The physical location of the permanent committee is not known 25X1
- 2. Comment: Sections eight and nine have previously been reported as 25X1
concerned with capitalist countries; section six with the USSR, and section seven with orbit countries.

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